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UNCLAS CAIRO 000776

SIPDIS

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SUBJECT: GOE ANNOUNCES ICT INITIATIVES, TIMELINE FOR MOBILE
LICENSE RFP

REF: 05 CAIRO 09379

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1. (U) At the tenth annual Cairo Information and Communications Technology (ICT) trade fair on February 5, Minister of Communications and Information Technology Dr. Tarek Kamel made several announcements of note:

- The GOE would issue the long-awaited Request For Proposals (RFP) to license a third mobile phone provider by February 15, and the RFP would last for eight weeks.

- The Ministry of Communications and Information Technology (MCIT), in cooperation with Intel, Microsoft, and Taiwanese firm VIA, would launch the Economic PC Initiative for the sale and delivery of inexpensive computers to low-income households at a cost of LE 1,500 (approximately \$263), to be paid in monthly installments of only LE 49 (\$8-9).

- The GOE's Information Technology Industrial Development Authority would grant e-signature licenses to four local firms; licenses are required in conjunction with the promulgation of a 2004 law granting e-signatures legal recognition, but until now the GOE has never issued any.

- In the context of liberalizing international calls and improving broadband service, as of February 20, the GOE would allow certain classes of Internet Service Providers (ISPs) the right to buy international calling hours from international resellers (at present they are required to buy from state-controlled Telecom Egypt (TE)) to provide data communications. The ISPs would need to work with the National Telecommunication Regulatory Authority (NTRA) to adjust their licenses accordingly.

- NTRA also planned to issue, on March 1, two licenses for international calls using Voice over Internet Protocol (VoIP) technology over mobile and fixed telephones. The GOE would limit the two licensees to using TE's landing points in Suez and Alexandria for the period 2006-2008, but following this would allow international consortia to make other arrangements in cooperation with local partners. (Note: Using VoIP for computer-to-computer communications has long been legal, but VoIP over telephones has remained illegal despite increasing use of the technology among Egyptians. End note.)

2. (SBU) Rumors continue to circulate on who will be the favored candidate to obtain the third license, the assumption being that the GOE will mold the RFP to suit its preferred candidate. A panel discussion left the impression that NTRA would tailor the RFP for TE. This impression has made its way into the local press, which reports that TE is already arranging to sell its stake in current mobile provider Vodafone in order to be free to pursue the third license (see reftel). An industry contact stated that TE would form a consortium with Emirates Telecommunications Corporation (Eitesalat) and a company belonging to the late Anwar Sadat's son Gamal (El Mashrek Co.) for this purpose, and that - upon learning of MCIT's preference for TE - a consortium from India that had planned to bid had just cancelled a trip to Cairo. However, another industry contact claimed he was forming a consortium between his local firm and U.S. firms Nextel and Sprint to participate in the RFP, and that the group might seek advocacy support from the Embassy.

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